

NATIONAL RECOVERY ADMINISTRATION

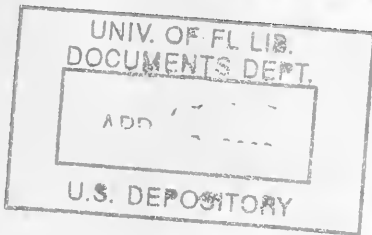
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PROPOSED CODE OF FAIR COMPETITION

FOR THE

LAVA MANUFACTURING  
INDUSTRY

AS SUBMITTED ON AUGUST 30, 1933



The Code for the Lava Manufacturing Industry  
in its present form merely reflects the proposal of the above-mentioned  
industry, and *none of the provisions contained therein are*  
*to be regarded as having received the approval of*  
*the National Recovery Administration*  
*as applying to this industry*

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1933

SUBMITTED BY  
NATIONAL ASSOCIATION OF LAVA MANUFACTURERS  
(II)

AUGUST 30, 1933.

LETTER OF TRANSMITTAL FROM NATIONAL ASSOCIATION OF LAVA  
MANUFACTURERS

TO ADMINISTRATOR, NATIONAL INDUSTRIAL RECOVERY ACT.

The production of articles from what is known to the trade as Lava had its origin, as regards the United States, in the year 1868. This was the period of the development of illuminating gas, and it was found desirable that the flame of the gas jet should be regulated by and formed into shape by a noncarbonizing burner tip of some noncorrosive material resistant to heat. It was found that certain kinds of Steatite, which is a soft mineral, classified as silicate of magnesia, could be cut and machined into various sizes and forms of gas tips, then coming into use. These tips were known as "lava" gas tips, perhaps because after the tips had been machined and formed in a soft state the material was hardened by exposure to heat, at a temperature of approximately 2,000 degrees Fahrenheit. The finished product then became very hard and durable, and was eminently satisfactory for this purpose.

With the introduction of the use of electricity in its various forms, a company engaged in the manufacture of Lava gas tips found by experiment that the same material which was being used in the manufacture of gas tips was capable of being used as an electrical insulator, in insulating various metal parts of electrical devices.

Lava as an insulating material must not be confused with or associated with other forms of insulating materials. Our product is not suitable for the manufacture of such forms of insulators as knob insulators for telephone and telegraph wires or high-tension electric wires; neither is it suitable for cleats and tubes and various other forms of wiring insulators, which are manufactured by entirely different processes, and entirely different and cheaper materials, such as glass, porcelain, bakelite, fibre boards, hard rubber, asbestos, mica, and various other forms of insulating materials, none of which have anything whatever in common with our product.

The use of Lava as an insulating material is restricted to small parts which are used in the *interior* construction of certain forms of electrical appliances.

The production of these factories is not of a character that permits the manufacture of standard articles. The factories operate entirely on orders for special parts, no two of which are exactly alike, and all of which are made only after receipt of orders for goods exclusively to fit each customer's design.

1929 conditions cannot be reproduced in 1933 in this particular industry for the reason that the bulk of 1929 production was for the then booming radio industry. The saturation point in the sale of radio sets has not only been passed but even before this occurred the material Lava had been virtually abandoned for technical reasons and no new field of comparable volume has been discovered.

The Lava Industry does not serve the public promiscuously. It makes no staple or standardized goods which can be carried in stock. It is therefore helpless as to initiating work for its employees, but, on the other hand, its facilities and hours must be flexible enough to serve swiftly on receipt of actual orders which are almost invariably urgent once the customer has settled on design and requirement.

At suitable opportunity the signers will ask special consideration of a reduced wage rate for apprentices.

This code is not designed to promote monopoly, or to eliminate or oppress small enterprises, and will not operate to discriminate against them, and will tend to effectuate the policy of the title of the National Industrial Recovery Act.

Respectfully submitted.

THE NATIONAL ASSOCIATION OF LAVA MANUFACTURERS,  
By C. S. STEWARD, *President*.

Attest:

R. KIRCHBERGER,  
*Secretary*.

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# **CODE OF FAIR COMPETITION SUBMITTED BY THE NATIONAL ASSOCIATION OF LAVA MANUFACTURERS**

## **SECTION I**

This code is submitted for and on behalf of manufacturers of Lava products constituting one hundred percent of the Lava Industry at present existing, hereinafter referred to as the Industry, and who are engaged in the manufacture and sale of articles which are known by the trade name "Lava."

## **SECTION II—DEFINITIONS**

As used herein the term Lava Industry is defined to mean the manufacture, production, and sale in the United States of any or all articles the principal ingredient of which is (a) talc, otherwise known as silicate of magnesia; (b) silicate of alumina, otherwise known as pyrophyllite; (c) or soapstone, for use as an insulating material in the electrical or chemical trades, and for use as burner tips for gas, or in burning of oil.

Every article made and sold by the industry for the purposes enumerated in this section are defined as Lava for the purposes of this Code, regardless of whether such article is kilned or is sold in an unkilned or soft state.

## **SECTION III—LABOR PROVISIONS**

A. As required by Section 7 (a) of Title I of the National Industrial Recovery Act the following provisions are conditions of the code:

(1) Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

It is understood that the provisions of subsections (1), (2), and (3) of Section 1 of this Article shall not impair in any particular the rights of employees to bargain, individually or collectively, as may be mutually satisfactory to them provided they shall otherwise comply with the provisions of this code.

Nothing in the code shall be deemed to prevent the selection, retention, and advancement of employees on the basis of their individual merit.

B. *Prohibition of Child Labor.*—On and after the effective date employers in the Lava industry shall not employ any minor under the age of (16) sixteen years.

C. *Wage Rates.*—The minimum wage for labor shall be not less than 30¢ per hour in all territory south of the Northern Boundary of Virginia, West Virginia, Kentucky, and the Southern Boundary of Missouri and Kansas, and in all other territory the minimum wage rate shall be not less than 37½¢ per hour, except that female labor may be paid a minimum of not less than 80% of the minimum paid for male labor.

D. *Hours of Work.*—The hours of labor in this industry shall not exceed 8 hours in any one day and not exceed a total of 40 hours in any one week, provided, however, that these limitations shall not apply in cases where seasonal or peak demands, unusual and temporary, shall require the operation of the industry a greater number of hours than the maximum hours specified herein.

In case the foregoing suspension of the maximum hours is used by any plant in the industry, and in order to effectuate in all respects the declared policy of the National Industrial Recovery Act, each employer shall prepare and file with the Executive Committee, through the Secretary-Treasurer of the National Association of Lava Manufacturers, on or before the 10th of each month, a statement of the additional hours over the maximum herein provided, and the number of workmen employed in such seasonal work for the preceding month.

Should the Executive Committee decide that any reports filed by a member of the industry indicate a failure to comply with the provisions of this code, the committee shall present the matter to the Administrator of the National Industrial Recovery Act and ask for such action as shall be consistent with full compliance with the policy of the Act.

These maximum hours shall not apply to tool makers, repair men, kiln tenders, watchmen or machine adjusters, or to foremen, superintendents, managers, officials, or others compensated on a regular salary basis; provided, however, that such regular salary shall not be less than \$100 per month.

#### SECTION IV—PROVISIONS REGARDING TRADE PRACTICES

1. *Unfair Methods of Competition.*—The paying of lower wages than the minimum wages herein prescribed, or the exaction of the hours of labor in excess of the maximum herein prescribed, shall be deemed as unfair methods of competition.

2. *Commercial Bribery.*—To give or permit to be given to the agents, employees, or representatives of customers, or the agents, employees, or representatives of competitors or prospective customers, money or anything of value as inducement to cause their employers or principals to purchase or contract to purchase industry products, or to influence such employers or principals to refrain from dealing or contracting to deal with competitors, shall be deemed an unfair method of competition.

3. *Rebates, Subsidies, etc.*—To make allowances, such as bonuses, rebates, refunds, credits, unearned discounts, or subsidies of any kind,

whether in the form of money, service, advertising, or otherwise, for the purpose of securing business, shall be deemed an unfair method of competition.

4. *Inducing Breach of Contract.*—To willfully interfere with any existing contract between any other manufacturer and a wholesaler, retailer, consumer, or other party, involving or relating to the sale of industry products, such interference being for the purpose or with the effect of dissipating, destroying, or appropriating, in whole or in part, the business represented by such contracts, shall be deemed an unfair method of competition.

5. *Defamation of Competitors.*—To defame or disparage a competitor, directly or indirectly, by words or acts which untruthfully call in question his business integrity, his ability to perform his contracts, his credit standing, or the quality of his product, shall be deemed an unfair method of competition.

6. *Misrepresentation.*—To sell or offer for sale any industry product for the purpose of or with the effect of deceiving customers or prospective customers as to the quantity, quality, or grade of such product, shall be deemed an unfair method of competition.

7. *Consigned Goods.*—The shipping of Lava products on consignment shall be deemed an unfair method of competition.

#### SECTION V—DESCRIPTION OF INDUSTRY SELF-GOVERNMENT AGENCY AND ITS REQUIREMENTS

The self-governing agency of the industry shall be the Executive Committee of the National Association of Lava Manufacturers.

Any member of the industry shall register any complaint as to the violation of any of the provisions of this code with the Secretary-Treasurer of the National Association of Lava Manufacturers, who is also Secretary of the Executive Committee. Upon the filing of a complaint, the Secretary of the Executive Committee will immediately notify the other members of the Executive Committee, who will investigate such complaint and advise the complainant and the defendant of the decision arrived at respecting the complaint.

Should the decision of the Executive Committee be unacceptable to either party, the Executive Committee shall then submit the matter in question to the Administrator for an official decision as to the continuance or discontinuance of the alleged violation of the Act.

*Additional Plant Capacity.*—In view of the excess of manufacturing capacity over the demand for Lava products even in normal times, and the demoralizing effect of this condition on the business and all engaged therein, including labor, it shall be an unfair method of competition for any manufacturer during the life of this code to increase the aggregate productive capacity of any Lava plant (except process improvements through existing equipment), or for any person, firm or corporation to construct any additional Lava plants or kilns, except or replacement of existing capacity.

Nothing in this code shall be construed to apply to a product of the American Lava Corporation, known as Alsimag, and containing in its composition substantial proportions of other ingredients than those enumerated herein.

*Sales Below Cost.*—To sell or offer to sell Lava goods at prices below the cost of production is a violation of this code.



For the purposes of this code, cost is defined as the total expense borne by the manufacturer in producing and selling Lava products. In addition to total manufacturing costs, including depreciation, packages, raw materials and transportation thereof, it shall also include adequate allowances for sales, distribution and management costs, including promotion, research, advertising, obsolescence, trade-association maintenance, interest charges, all contingencies, necessary reserves, a fair return on the capital employed in the business, etc., such as are now assumed by the majority of the industry in the conduct of its business and is in accordance with this Code of Fair Competition and with the objects of the Act.

#### SECTION VI—MANDATORY PROVISIONS OF SECTION 10 (b) OF ACT

The President may from time to time cancel or modify any order, approval, license, rule, or regulation issued under this title; and each agreement, code of fair competition, or license approved, prescribed, or issued under this title shall contain an express provision to that effect.

#### SECTION VII—PROVISION FOR MODIFICATION

Application for a change in the provisions of this code may be made at any time by any member of the industry, such proposed change to be submitted to the Executive Committee of the National Association of Lava Manufacturers, through the Secretary-Treasurer of the Association.

The Executive Committee shall submit to all members of the industry a copy of the proposed modification and it shall require the affirmative vote of three fourths of the firms in the industry to approve such modification.

When a proposed modification has received the foregoing approval, it will be submitted to the Administrator for approval by the President, and when so approved shall become a part of this code.

*Purpose.*—This code is not designed to promote monopoly, or to eliminate or oppress small enterprises, and will not operate to discriminate against them, and will tend to effectuate the policy of the title of the National Industrial Recovery Act.

#### SECTION VIII—EFFECTIVE DATE

This code shall become effective for the industry immediately after it has been approved by the President of the United States.

THE NATIONAL ASSOCIATION OF LAVA MANUFACTURERS,  
By C. S. STEWARD,  
P. J. KRUESI,  
R. KIRCHBERGER,  
*Code Committee.*